

Performance

Period ending 31 December 2022	1 month (%)	3 months (%)	6 months (%)	1 year (%)	3 years (% pa)	5 years (% pa)	Since inception (% pa)
Intermede Global Equities Fund	-4.09	3.97	1.65	-19.78	4.78	10.06	9.80
MSCI All Country World Index (Net Dividends Reinvested) (\$A)	-5.13	4.07	3.71	-12.48	5.26	8.27	8.32
Out/(under) performance	1.04	-0.10	-2.06	-7.30	-0.48	1.79	1.48

Notes: Performance returns are calculated net of management fees and are pre-tax in \$A. Past performance is not a reliable indicator of future performance. The numbers are rounded to two decimal places.

Portfolio Review

We opened one new position Shiseido in December.

In December, we opened a new position in Shiseido, Japan's leading beauty company and the 3rd largest player globally. Shiseido's business is highly concentrated in Asia, and thus we believe it is positioned well to rebound with the reopening in Japan and China. Specifically, Chinese domestic and travel retail account for 40%+ of Shiseido's sales, and China reopening starting from November 2022 has set up a better environment for consumer spending in 2023. Additionally, Japan inbound started to recover in Q322 as Japan reopened in October. With 90% of inbound sales previously from China, we believe Chinese travellers will gradually increase in 2023 after the peak of Covid infections. Lastly, the Japanese domestic market started to recover in Q322 amid the revamped Elixir brand. In addition to the reopening, we continue to view the company favourably given the business restructuring underway whereby Shiseido has focused on its strengths with 80% of sales coming from premium skincare in Asia, a market with very solid long-term growth potential.

Market Outlook

2022 was a year dominated by large scale events and trends, from the invasion of Ukraine in February to covid-zero in China, rate hikes and inflation across major economies, Sino-American tensions, unrest in Iran and pivotal elections in the US and elsewhere. From a purely market perspective however, the most significant fact about the year may be that it saw the largest single decline in global investor wealth (measured in absolute dollars) since records began. Bloomberg estimates a decline of over \$35trn during the year, versus less than \$25trn during 2008, the year of a systemic global financial crisis.

With 2023 just days old, a sea change appears to have occurred with respect to China at least, with Beijing signalling a firm break with its zero-Covid policy that sealed it off from the rest of the world for almost three years. While at one point during 2022 inbound travellers faced mandatory three-week quarantine in a hotel room, as of January 8th arrivals will be expected only to have a negative Covid test 48 hours before departure, and to wear a mask in flight. And the government will soon resume issuing entry permits for travel between the mainland and Hong Kong.

The economic cost of the zero-Covid measures is clear from both Chinese retail sales data (-5.9% year on year in November) and GDP figures, which are not expected to meet the already low target of 5.5% for 2022. The potential extent of further economic disruption from the virus, now free to spread for the first time, is unclear but could be substantial. Companies including Apple (not currently held in the global portfolio), with significant Chinese supply chains saw share price declines during the closing days of the year as investor concern rises over possible disruption to Chinese operations.

Elsewhere, a trend that dominated much of 2022 (before reversing in its final weeks) was that of the strong dollar, with the pace and magnitude of rate hikes consistently exceeding market expectations during the year. The yen, for example, fell by 23% against the dollar between the start of 2022 and mid-October.

It is remarkable to recall that as recently as March of 2022, the Fed's upper bound for rates was 0.25%, at which point bond market expectations were for a rise to just 0.75% by year end. In the event, US rates currently stand precisely six times higher than that, at 4.5%. And while we would not venture to forecast a specific peak for rates, we would observe that a consistent pattern during the second half of 2022 was for markets to be surprised by the vehement hawkishness of Fed Chair Jay Powell's post FOMC meeting press conference statements. Most recently he stated, "The historical record cautions strongly against prematurely loosening policy", while also noting that the

About Intermede

Intermede is a London-based, specialist global equities manager. It aims to outperform global equity markets by identifying well-managed companies with strong market positions in attractive industries and purchasing them at discounts to intrinsic value. In particular Intermede looks for companies with a demonstrated sustainable competitive advantage.

Key Facts

Investment objective

The Fund invests in an actively managed portfolio of companies listed (or expected to be listed) on share markets around the world. The Fund is not hedged to the Australian dollar. The Fund aims to deliver a return that exceeds the Benchmark (before fees) over 7-year periods.

Index

MSCI All Country World Index (Net Dividends Reinvested) (\$A)

Performance inception date

27 February 2015

APIR code

PPL0036AU

mFund

INT01

Management costs (including GST)

0.99% p.a.



Fed had no plans to begin lowering rates until they regained confidence that a long term inflation rate of 2% has been restored.

When this will occur, we do not know, but we will venture a factual observation. Namely, that base effects of the inflation rates seen during 2022, which saw very rapid monthly cost increases during each of the first six months of the year (peaking at +1.3% month-on-month in June) but far slower rates after that, mean that if the November CPI rate of +0.1% month-on-month is maintained consistently in the coming months, CPI will touch 3% by May. The next US inflation data will be released on January 12th, and will be watched closely by markets and policymakers.

Contributing to reverse the trend of the strong dollar, decisive action in the last days before Christmas by the Bank of Japan to adjust its policy of yield curve control by lifting its cap on 10-year government bond yields from 0.25% to 0.5%, saw the value of the yen rise sharply, and was accompanied by the largest one day rise in the JGB yield since 2003, from 0.25% to 0.4%. We also note that the Japanese central bank now owns more than half of the nation's outstanding government bonds (50.3% at the end of Q3 2022), a remarkable increase from the level of 11.5% when Kuroda arrived at the BoJ in March 2013.

At the portfolio level, December saw Microsoft announce an infrastructure and analytics partnership (via the Azure cloud service) with the London Stock Exchange Group. After similar deals between Google and CME, and Amazon and Nasdaq, occurring within the last year, this is the third such recent alliance announced between a currently held global portfolio company and a major index business (one of which, CME, is also owned in the global portfolio). While visibility on future strategic direction and revenue generation for these partnerships is currently limited (despite, for example, a guarantee of a \$2.8bn minimum spend by the LSE over 10 years, and Microsoft taking a 4% stake in the company and a board seat), it is interesting to see how ownership of the dominant cloud infrastructure assets (together Amazon, Google and Microsoft currently account for approximately two thirds of global cloud revenues) enables expansion into potentially lucrative partnerships in adjacent industries.

Elsewhere, the release of the ChatGPT artificial intelligence application on the last day of November caused much amazement for a user base that quickly crossed the million-person threshold, and marked a step change in the power and ease of use of verbally oriented artificial intelligence. If readers have not yet tried interacting with this Open AI designed application, we would recommend doing so (perhaps reading a few primers on how to experiment fruitfully with prompts beforehand) by setting up a simple and free-to-use account at Open AI's website. While the application has limitations (it sometimes responds to user questions confidently with incorrect information, is expensive to run, and is also slow relative to a google search), its ability to respond competently to even challenging requests such as coding problems, explanations of complex historical events, or even to apply stylistic leanings to its answers ('Write me a grocery list in the style of Chaucer') is something to behold. ChatGPT represents a striking new phase of AI's development, and acknowledging the fact that the pace of progress in the field is unlikely to slow, the impact of it and its successors (both as challenge to, and reinforcement of, existing competitive advantages) will be intriguing to follow in the coming months and years.

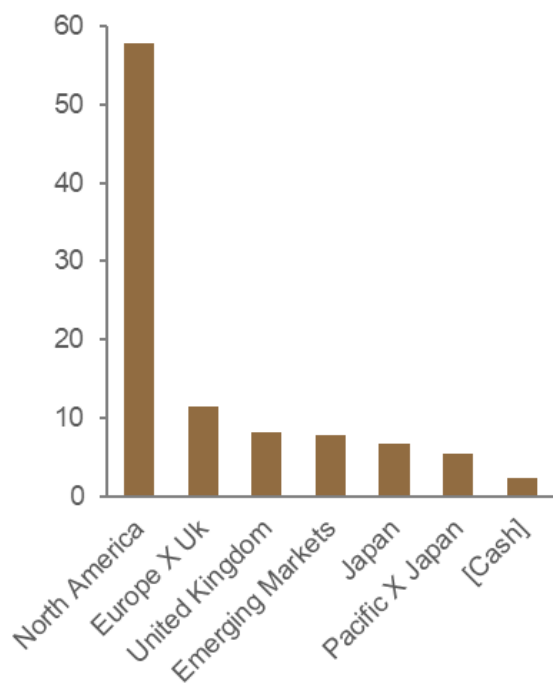
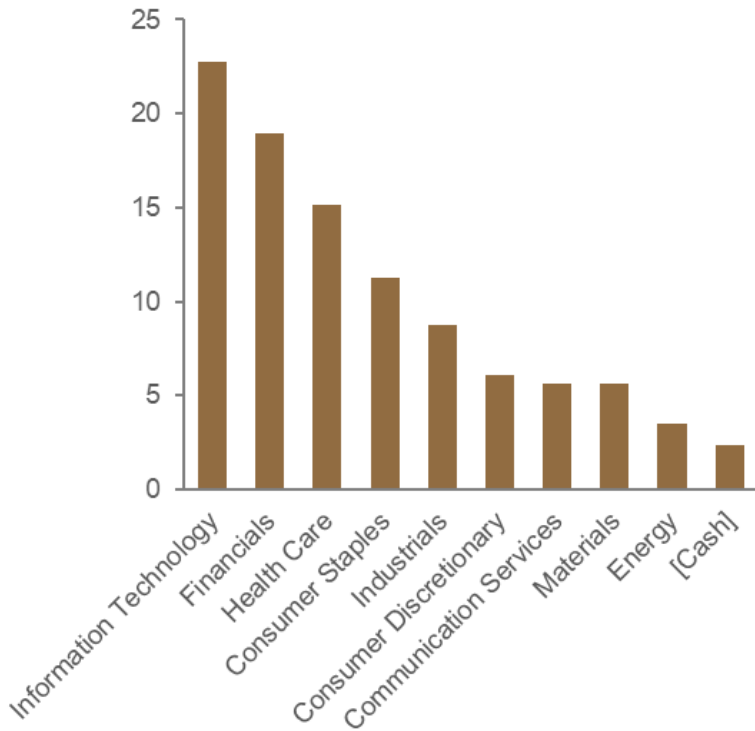
Overall, against a still uncertain macroeconomic background, the clarity and simplicity of our primary mission remains paramount - to identify and understand high quality growth businesses in possession of defensible competitive moats, and to purchase them at attractive valuations, which we believe to be the most prudent path to capital appreciation in the long term.

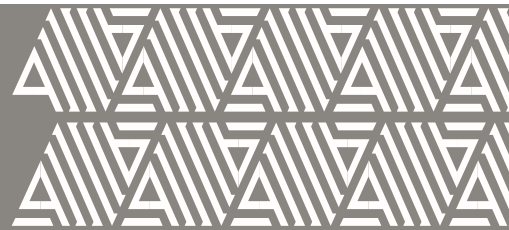


Top 10 Holdings

Company	Country of Domicile	Sector
Danaher Corporation	United States	Health Care
Charles Schwab Corporation	United States	Financials
Linde plc	United Kingdom	Materials
Schlumberger N.V. (Schlumberger Limited)	United States	Energy
CME Group Inc.	United States	Financials
AIA Group Limited	Hong Kong	Financials
Housing Development Finance Corporation Limited	India	Financials
Haleon Plc	United Kingdom	Consumer Staples
Alphabet Inc.	United States	Communication Services
Microsoft Corporation	United States	Information Technology

Sector and Regional Weights %





Sector Positioning

Most active overweight owned sectors for December 2022

Financials	Our portfolio weighting to companies operating in the financial services industry is higher than the index, however, the characteristics of our holdings differ materially to an index dominated by developed market banks and insurers. We tend to find more attractive long term investment opportunities in emerging markets, such as Asian life insurer AIA and Indian housing finance company HDFC, and in less capital intensive areas such as global derivatives exchange CME, US investment services firm Charles Schwab, financial information provider S&P Global and insurance broker/consultant Marsh & McLennan. All of these businesses benefit from strong competitive positions in industries with high structural growth prospects.
Consumer Staples	With the addition of Shiseido to the portfolio, consumer staples is now one of the larger overweights. Our holdings are concentrated in companies with the ability to take enough price to largely or entirely offset the effects of raw material cost inflation. Haleon, a consumer health company with a relatively low ratio of input costs to sales, is our top holding in the space, followed by Nestle, Heineken, Kerry and then Shiseido. Nestle's strong position in coffee and pet care, two categories with low demand elasticities, has helped the company manage through this period. Heineken has long experience managing through inflation given its substantial presence in volatile markets. For Kerry much of its business has pricing mechanisms embedded that link to raw material costs. Shiseido is the #3 beauty company globally and has substantial presence in the Asian skincare market with Chinese consumers of key importance. The company has undergone significant transformation in recent years, the benefits of which have been masked by the effects of the pandemic. With Covid restrictions easing in China the medium-term outlook for the company is much improved.

Most active underweight owned sectors for December 2022

Energy	We are underweight the Energy sector because the companies that account for the majority of the Index are large integrated or national oil companies that do not meet our growth criteria. This is because their revenues are directly tied to oil and gas prices, which the market expects to fall in coming years due to supply and demand factors (i.e. the forward curve is in backwardation). However, we do see strong growth potential in the Oilfield Services and Equipment sectors, where we own Schlumberger, due to the strong outlook for exploration and production capex deployment by customers, both onshore and offshore. Schlumberger is fundamentally a technology capex provider, with a strong track record of innovation, and we anticipate that as the world moves away from fossil fuels and towards 'Net Zero', they will successfully grow in the energy transition (e.g. carbon capture) and new energy (e.g. hydrogen electrolysis) markets.
Consumer Discretionary	We continue to be highly selective within the consumer discretionary space and continue to be underweight the sector. Our top holding is Amazon and our next largest holding is Dollar Tree a leading discount retailer in the US currently undergoing a major change in pricing architecture. We continue to consider a variety of potential opportunities in the sector but are mindful of pressures on consumers globally from elevated inflation and economic uncertainty.

Important: This information is issued by Antares Capital Partners Ltd ABN 85 066 081 114, AFSL 234483 ('ACP'), as the Responsible Entity of the Intermede Global Equities Fund ('Fund'). This information is general in nature and does not take account of your individual objectives, financial situation or needs. Before making a decision to invest in the Fund you should read the current Product Disclosure Statement ('PDS') and the accompanying Product Guide, and, with the assistance of a financial adviser, consider if it is appropriate for your circumstances. A copy of the PDS and Product Guide is available from www.mlcam.com.au or by calling our Client Services Team on 1300 738 355. The capital value, payment of income and performance of the Fund are not guaranteed. An investment in the Fund is subject to investment risk, including possible delays in repayment of capital and loss of income and principal invested. Neither ACP nor any other member of the Insignia Group of companies (comprising Insignia Financial Limited ABN 49 100 103 722 and its related bodies corporate) ('Insignia Group') guarantees the repayment of your capital, payment of income or the performance of your investment. The Insignia Group does not provide a guarantee or assurance in respect of the obligations of ACP, the Fund or Intermede Investment Partners Limited, the investment manager of the Fund. Securities identified and any investment views and market opinions/analysis expressed constitute judgments as of the report date and are subject to change at any time. Any opinions or analysis expressed should not be considered a recommendation or solicitation to purchase or sell any security. It should not be assumed that any investment in this security was, or will be, profitable. Any specific investments referenced do not represent all of the investments purchased, sold or recommended for the Fund. Intermede and the logo shown are registered trademarks of Intermede Investment Partners Limited. The funds referred to herein are not sponsored, endorsed, or promoted by MSCI, and MSCI bears no liability with respect to any such funds.

Contacts

Email

client.services@mlcam.com.au

Phone

1300 738 355

Website

www.mlcam.au/intermede